

**SAMAHANG MAGSASAKA NG 53 HEKTARYA, REPRESENTED BY
ELVIRA M. BALADAD, PETITIONER, VS. WILFREDO G. MOSQUERA,
ROSARIO R. ROMAN, DANILO M. RELUCIO, AND EDGARDO V.
GUEVARRA, RESPONDE...**

G.R. NO. 152430. March 22, 2007

Ponente: VELASCO, JR., J.

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VELASCO, JR., J.:

This is an appeal to the Court under Rule 45 of the December 14, 2001 Decision[1] of the Court of Appeals (CA) in CA-G.R. SP No. 62583, affirming the Resolutions of the Office of the President (OP) in OP Case No. 96-116582, and exempting respondents' 53-hectare land from the Comprehensive Agrarian Reform Program (CARP) coverage. Also challenged is the CA's February 26, 2002 Resolution[2] rejecting petitioner's plea for reconsideration of the CA Decision now under review.

The Facts

Petitioner Samahang Magsasaka ng 53 Hektarya (Samahan) is an association of farmer-beneficiaries duly recognized by the Department of Agrarian Reform (DAR). Petitioner alleged that its members had been cultivating the disputed land of the case for many years prior to the effectivity of Republic Act No. (R.A.) 6657, otherwise known as the "Comprehensive Agrarian Reform Law" (CARL).[3] Respondents Wilfredo G. Mosquera, Rosario R. Roman, Danilo M. Relucio, and Edgardo V. Guevarra, on the other hand, are the registered owners of three parcels of land covered by Transfer Certificate of Title Nos. T-267409, T-267410, and T-267411, which have an aggregate area of 53.1164 hectares located in Macabud, Rodriguez (formerly Montalban), Rizal.[4] The disputed land was previously owned by Philippine Suburban Development Corporation which planned to develop it as a residential subdivision. In 1979, it was sold to Vinebel Realities, Inc. through an extrajudicial foreclosure sale. Petitioner alleged that in 1994, the landholding was sold to respondents without any DAR clearance, in violation of Section 6-D of CARL.[5]

On July 7, 1994, the Municipal Agrarian Reform Officer (MARO) of Rodriguez, Rizal issued a Notice of Coverage to the disputed land. On February 21, 1995, respondents applied for exemption from the coverage of CARL based on its provision in Sec. 10, that is, the property is above 18% slope and unfit for cultivation.[6] In support of the application, respondents presented the certification from Ruben A. Cabreira, Deputy Land Inspector, Community Environment and Natural Resources Office, Antipolo, Rizal, certifying that the land was partly developed, sporadically planted with mangoes, guava, and other seasonal crops, and with over 18% slope. On March 31 and August 7, 1995,[7] the Regional Director of DAR-Region IV denied respondents' application and Motion for Reconsideration, respectively. On August 24, 1995, respondents appealed the two Orders of the Regional Director to the DAR Secretary. On April 19 and July 9, 1996, Sec. Ernesto D. Garilao denied the appeal and respondents' Motion for Reconsideration, respectively.[8] In his April 19, 1996 Order, Sec. Garilao stated:

A review of all the ocular inspection / field investigation reports submitted by DAR personnel concerned (from

the municipal to the central office) reveals that the subject properties have been consistently described as suitable to agriculture. Except for the investigation report (dated December 20, 1995) submitted by the Legal Officer of BALA tasked to inspect the subject properties, all the ocular inspection teams which inspected/investigated the area recommended for the coverage under CARP of the subject properties on the ground of the subject properties' suitability for agriculture and present agricultural development.

x x x x

As for the apparently conflicting certifications issued by the Community Environment and Natural Resources office (CENRO) of Antipolo, Rizal, on different dates, it is the view of this Office that there is actually no conflict between the two certifications. This is so because the certification issued by Deputy Land Inspector Ruben A. Cabreira on October 21, 1994 refers only to one of the three lots subject of the instant petition (the lot which used to be covered by TCT No. N-49174 with an area of 16.2204 has.). x x x The certification issued by Geodetic Engineer III Romulo G. Unciano on January 25, 1995 on the other hand pertains to all the lots subject of the instant petition, which were described to be "partly rolling and agricultural in nature," and "'planted to fruit-bearing trees." These two certifications, instead of coming into conflict with one another, actually complement each other, the first one being a part of the other. Even assuming arguing that they are in conflict, it is submitted that between the two certifications, the second one should prevail since it is not only the latest, [but] it is also more complete as it refers to all the lots subject of the instant petition.[9]

On appeal to the OP, Executive Secretary Ruben D. Torres set aside the DAR Secretary's Orders and exempted the property from the CARL coverage through his June 25, 1997 Resolution.[10] Petitioner and the DAR subsequently filed a Motion for Reconsideration. In the meantime, the Department of Agriculture (DA), through the Bureau of Soil and Water Management, sent two missions to conduct fieldwork and validate the actual development in the disputed land. The findings of these missions were allegedly contained in a report transmitted by Secretary Salvador Escudero III (Escudero Report) to Pres. Fidel V. Ramos. In sum, the Escudero Report recommended that the disputed land be exempted from conversion since the general area of the land, including areas with 18% slope, was physically occupied and actively used for intensive and diversified farming.

On August 14, 1998, the OP denied petitioner's Motion for Reconsideration.[11] On September 23, 1998, petitioner, through Elvira M. Baladad, and the DAR jointly filed a second Motion for Reconsideration which was denied by the OP in its December 22, 2000 Resolution.[12]

Petitioner appealed the Resolutions of the OP to the CA through Rule 43 of the 1997 Rules of Civil Procedure. Petitioner identified the OP's errors, as follows:

- 1) rejecting the findings of the DAR that the subject landholding was already agriculturally developed at the time of effectivity of the CARL and suitable for agricultural purposes;
- 2) ignoring the findings of the DA contained in the Escudero Report on the ground that this report was not signed by Sec. Salvador Escudero III himself;
- 3) holding that the disputed land has more than 18% slope on the basis of a certification issued by a personnel from the Department of Environment and Natural Resources, who was neither authorized nor competent to make such determination;
- 4) disregarding the certification of the MARO of Rodriguez, Rizal that the landholding was highly agricultural and suitable for cultivation for permanent and seasonal crops; and
- 5) relying on the certifications of the Municipal Development Coordinator, Housing and Land Use Regulatory Board, Provincial Irrigation Office, and the Municipal Assessor as bases for granting the exemption applied for, which are irrelevant for purposes of determining agricultural development and suitability under Sec. 10 of R.A. 6657.[13]

The Ruling of the Court of Appeals

The CA ruled that the petitioner was not a real party-in-interest and had no legal standing to sue. The appellate court held, thus:

Applying the foregoing standards in the case at bar, there is no question petitioner lacks the legal standing to raise the instant appeal. This conclusion finds support in the later case of *Fortich vs. Corona*, 289 SCRA 624 [1998] x x x

x x x x

Having resolved that the petitioner, not being actual grantee of the land but mere qualified beneficiary, has no legal standing to sue and is not the real party in interest. Neither will it be directly affected by the assailed resolutions rendered by the Office of the President. Consequently, petitioner has no personality to file the instant appeal. Besides, petitioner is not a juridical person and apropos not equipped with legal personality to sue or be sued. As a consequence, the authority of *Elvira M. Baladad* in filing this case for the petitioner will likewise be baseless.[14]

The CA further held that respondents never waived their right to question petitioner's legal standing, because, in fact, they raised the issue in the CA; and that they could not be expected to raise the issue in the OP since they obtained a favorable judgment. On the exemption of the land from CARL, the CA found that the OP's Resolution was supported by substantial evidence; hence, the CA did not substitute the OP's findings of fact.[15]

Petitioner's January 17, 2002 Motion for Reconsideration was then denied by the CA in its February 26, 2002 Resolution.

The Issues

The parties submit the following issues for our resolution:

WHETHER OR NOT PETITIONERS ARE REAL PARTIES-IN-INTEREST IN THIS CASE

WHETHER OR NOT THE SUBJECT LANDHOLDING MAY BE EXEMPTED FROM THE COVERAGE OF THE COMPREHENSIVE AGRARIAN REFORM

WHETHER OR NOT THE PETITION RAISES ONLY QUESTIONS OF FACT

Petitioner argues that the CA committed serious error in holding that it lacked the legal standing to file an appeal from the OP. It contends that its members, the *Macabud* farmers, are entitled to the distribution of the land based on Sec. 22 of the CARL, to wit:

Sec. 22. Qualified Beneficiaries.-The lands covered by the CARP shall be distributed as much as possible to landless residents of the same barangay, or in the absence thereof, landless residents of the same municipality in the following order of priority:

- (a) agricultural lessees and share tenants;
- (b) regular farm workers;
- (c) seasonal farm workers;
- (d) other farm workers;
- (e) actual tillers or occupants of public lands;
- (f) collective or cooperatives of the above beneficiaries; and
- (g) others directly working on the land.

Petitioner further argues that *Fortich v. Corona*, cited by the appellate court, did not rule that qualified beneficiaries are not real parties-in-interest. Petitioner pointed out that the Court's pronouncement regarding legal

standing was allegedly mere dictum since the crux of the controversy was whether the OP can still modify its own decision which had already attained finality; and that the Court found in *Fortich* that the farmers were merely recommendee farmer-beneficiaries in contrast to the *Macabud* farmers in the present case who are qualified and approved farmer-beneficiaries of the disputed land -the fact of which is supported by the certification issued by the MARO. Petitioner believes that being identified as CARP beneficiaries entitles the farmers to usufructuary rights over the land under DAR rules, to wit:

2. Upon verification and validation based on the Application for Purchase and Farmers Undertakings (FUs), [the MARO shall] inform the qualified ARBs or the Farmers Cooperative/Association, as the case may be, that they have been identified to receive the land to give them usufructuary right over the property (CARP Form No. 19)[16]

Petitioner argues that the foregoing rule, when read in conjunction with Article 562 of the Civil Code, gives them a right over the land which can be injured by a judgment of exemption from CARP. It claims that Certificates of Land Ownership Award (CLOAs) were already generated in the *Macabud* farmers' names by the Provincial Agrarian Reform Officer of Rizal, but were not issued to them in view of the instant case. Also, petitioner contends that respondents are now estopped from raising the issue of legal standing in view of their failure to question the same issue at the earliest opportunity, that is, before the OP.[17]

Lastly, since petitioner relies on the findings of the DA regarding the suitability of the land for agriculture for the purpose of the CARP, it then imputes error on the CA for holding that the DA had no authority to make such a determination.

The Court's Ruling

The petition should be dismissed.

The peculiar circumstances of this case should be noted. This petition originated from an application for exemption from CARP which was filed by the respondents before the Regional Director of the DAR. Petitioner entered the picture when the DAR's Orders were reversed by the OP. Petitioner's lack of capacity to intervene in the case may not have been an issue before the OP since in administrative cases, technical rules of procedure are not strictly applied. In fact, Sec. 50 of R.A. 6657 expressly allows farmer leaders to "represent themselves, their fellow farmers, or their organization in any proceedings before the DAR." This right of representation generally continues in appeals in congruence with the provisions of Rule 3 of the Revised Rules of Court, specifically:

SECTION 1. Who may be parties; plaintiff and defendant.-Only natural or juridical persons, or entities authorized by law may be parties in a civil action. x x x

SEC. 2. Parties in interest.-A real party in interest is the party who stands to be benefited or injured by the judgment in the suit, or the party entitled to the avails of the suit. Unless otherwise authorized by law or these Rules, every action must be prosecuted or defended in the name of the real party in interest.

SEC. 3. Representatives as parties.-Where the action is allowed to be prosecuted or defended by a representative or someone acting in a fiduciary capacity, the beneficiary shall be included in the title of the case and shall be deemed to be the real party in interest. A representative may be a trustee of an express trust, a guardian, an executor or administrator, or a party authorized by law or these Rules. x x x

R.A. 6657 allows farmer leaders like *Elvira Baladad* to represent the *Macabud* farmers or their *Samahan* in the proceedings before the DAR. The law, however, should be harmonized with the provisions of the Rules of Court. Assuming that the *Macabud* farmers are real parties-in-interest as defined by Sec. 2 of Rule 3, the appeal may be brought by their representative since such is allowed by R.A. 6657. The action may then be brought by 1) the

organization represented by its authorized representative (Sec. 1) OR 2) the representative with the beneficiaries identified in the title of the case (Sec. 3). In the first option, the organization should be duly registered in order to be clothed with juridical personality (Sec. 1). Admittedly, petitioner Samahan is not registered with the Securities and Exchange Commission. Thus, it is not a juridical person which can be a party in a case. The Rules of Court, however, does not prevent the Macabud farmers from filing an appeal since an action may be instituted in the name of their representative with each farmer-beneficiary identified in the title of the case in accordance with Sec. 3 of Rule 3. Unfortunately, petitioner also failed to comply with this simple requirement. The petition was brought by the unregistered Samahan represented by Elvira Baladad without mentioning the members of it. On this score, the petition can already be dismissed.

More importantly, petitioner is not a real party-in-interest in this case. According to Sec. 2 of Rule 3 of the Rules of Court, a real party-in-interest is the party who stands to be benefited or injured by the judgment in the suit or the party entitled to the avails of the suit. We stand by the ruling in *Fortich v. Corona*[18] that farmer-beneficiaries, who are not approved awardees of CARP, are not real parties-in-interest. In *Fortich*, the farmers who intervened in the case were mere recommendees. We stated in said case that:

The rule in this jurisdiction is that a real party in interest is a party who would be benefited or injured by the judgment or is the party entitled to the avails of the suit. Real interest means a present substantial interest, as distinguished from a mere expectancy or a future, contingent, subordinate or consequential interest. Undoubtedly, movants' interest over the land in question is a mere expectancy. Ergo, they are not real parties in interest.[19]

In the case at bar, members of petitioner Samahan are mere qualified beneficiaries of CARP. The certification that CLOAs were already generated in their names, but were not issued because of the present dispute, does not vest any right to the farmers since the fact remains that they have not yet been approved as awardees, actually awarded lands, or granted CLOAs. Respondents cannot be considered estopped from questioning petitioner's legal standing since petitioner appeared before the OP after the latter decided in respondents' favor. When the petitioner appealed the case to the CA, respondents duly questioned the petitioner's capacity to sue.

It is only unfortunate that petitioner failed to comply with basic procedural requirements. We must again emphasize that these procedural requisites were promulgated to ensure fairness and orderly administration of justice. While the Court sometimes disregards the rules of procedure in the interest of justice, we find that the present case does not merit such leniency. The requirement that a party must have real interest in the case is essential in the administration of justice. Thus, having resolved that the respondents have no legal standing to sue and are not the real parties-in-interest, we find no more necessity to take up the other issues.

WHEREFORE, we AFFIRM IN TOTO the December 14, 2001 Decision and the February 26, 2002 Resolution of the CA, with no costs.

SO ORDERED.

Quisumbing, (Chairperson), Carpio, Carpio Morales, and Tinga, JJ., concur.

[1] Rollo, pp. 44-55. The Decision was penned by Associate Justice Conrado M. Vasquez, Jr. and concurred in by Associate Justices Andres B. Reyes, Jr. and Amelita G. Tolentino.

[2] Id. at 57-58.

[3] Id. at 9 & 245.

[4] Id. at 45.

[5] Id. at 67-68; April 19, 1996 Order of Sec. Ernesto Garilao of the DAR.

[6] R.A. 6657, Sec. 10. Exemptions and Exclusions.-

x x x x

c) Lands actually, directly and exclusively used and found to be necessary for national defense, school sites and campuses, including experimental farm stations operated by public or private schools for educational purposes, seeds and seedlings research and pilot production center, church sites and convents appurtenant thereto, mosque sites and Islamic centers appurtenant thereto, communal burial grounds and cemeteries, penal colonies and penal farms actually worked by the inmates, government and private research and quarantine centers and all lands with eighteen percent (18%) slope and over, except those already developed, shall be exempt from the coverage of this Act (as amended by R.A. 7881; emphasis supplied).

[7] Rollo, pp. 63-64 & 65-66.

[8] Supra note 5, at 67-74 & id. at 75-76.

[9] Id. at 70-72.

[10] Id. at 77-84.

[11] Id. at 161-164.

[12] Id. at 186-187.

[13] Id. at 47-48.

[14] Id. at 50-51.

[15] Id. at 51-54.

[16] Id. at 18; citing DAR Adm. Order No. 10 (1990), Rules and Procedures in the Distribution of Private Agricultural Land to Agrarian Reform Beneficiaries under RA 6657.

[17] Id. at 18-19.

[18] G.R. No. 131457, April 24, 1998, 289 SCRA 624 (Decision) and August 19, 1999, 312 SCRA 751 (Resolution).

[19] Supra at 649.

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